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No. 04-1350

IN THE

Supreme Court of the United States

KSR International Co.,

Petitioner,

v.

Teleflex, Inc. et al.

On Petition for a Writ of Certiorari
to the United States Court of Appeals
for the Federal Circuit

SUPPLEMENTAL BRIEF FOR THE RESPONDENTS

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SUPPLEMENTAL BRIEF FOR THE RESPONDENTS

This Court has previously denied certiorari on the question presented an extraordinary seven times, permitting the Federal Circuit's jurisprudence to evolve in the light of that court's growing experience and special expertise.[1] That course was sound. The Solicitor General's brief expresses the view of his client, the Patent and Trademark Office (PTO), that Federal Circuit decisions from several years ago (see S.G. Br. 14 n.6) imposed too onerous a standard for finding patents invalid as obvious. But the Federal Circuit's case law is substantially different today from the period that gave rise to any such concerns. The government's brief is notably silent with respect to the avalanche of Federal Circuit case law on this issue over the past three years. These more recent decisions belie the government's assertion that the court of appeals currently applies a rigid and inflexible approach that is hostile to findings of obviousness. But even if this Court were to conclude that it should intervene to alter the course of the Federal Circuit's obviousness jurisprudence, this interlocutory case would be, for numerous reasons, a terrible vehicle in which to do so.

Certiorari should accordingly be denied here as it has been so many times in the past with respect to the question presented. If the Federal Circuit later reverses course, and employs too rigorous an obviousness standard, the Solicitor General will no doubt file an appropriate petition for certiorari from a ruling of that court reversing a finding of obviousness by the Board of Patent Appeals and Interferences. With respect to this case at the very least, the Court should await the development of a record on remand on the question of obviousness.

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[1] In addition to the cases cited in the brief in opposition (at 20-21 & n.7), the Court in October 2002 denied a petition on the question filed by David Frederick. No. 01-1791, *FATA Aluminum* v. *Vulcan Eng'g Co.*, 537 U.S. 814 (2002).

A. The Federal Circuit's Current Obviousness Jurisprudence Is Fully in Line with the Solicitor General's Reading of This Court's Precedent.

The Solicitor General identifies two supposed flaws in the Federal Circuit's obviousness jurisprudence. Neither of those assertions accurately characterizes that court's current case law.

1. The Solicitor General describes the correct test for finding obviousness under this Court's precedent as follows:

> The question of nonobviousness is ultimately one of law, but it turns on "several basic factual inquiries." This Court has identified four such inquiries: (1) "the scope and content of the prior art"; (2) "differences between the prior art and the claims at issue"; (3) "the level of ordinary skill in the pertinent art"; and (4) "secondary considerations," such as "commercial success," that might provide "indicia of obviousness or nonobviousness."

S.G. Br. 3-4 (citing *Graham* v. *John Deere Co.*, 383 U.S. 1, 17-18 (1996)). The court of appeals in this case said the following:

> While obviousness is ultimately a legal determination, it is based on several underlying issues of fact, namely: (1) the scope and content of the prior art; (2) the level of skill of a person of ordinary skill in the art; (3) the differences between the claimed invention and the teachings of the prior art; and (4) the extent of any objective indicia of non-obviousness. *See Graham*, 383 U.S. at 17-18.

Pet. App. 6a. The rule described by the Solicitor General and applied by the unpublished opinion in this case are thus *the same*.

The Solicitor General maintains that there nonetheless is a difference because the Federal Circuit fails to show sufficient flexibility in applying its rule. Though the government

repeats that broad assertion seven times, it is just that: an assertion. The government is unable to provide a single citation in support. Two recent Federal Circuit decisions illustrate that the Solicitor General's characterization of that court's precedent does not reflect the evolving state of the case law. See *In re Kahn*, 441 F.3d 977 (2006); *Cross Medical Prods., Inc.* v. *Medtronic Sofamor Danek, Inc.*, 424 F.3d 1293 (2005). These decisions recognize that the nominally required "suggestion, teaching, or motivation" to combine prior art may be found "implicitly." In *Kahn*, the court affirmed the PTO's finding of obviousness, explaining at great length that a "teaching, suggestion, or motivation" can be found "implicitly" based on *precisely* the factors that the Solicitor General says are relevant: "what the combined teachings, knowledge of one of ordinary skill in the art, and the nature of the problem to be solved as a whole would have suggested to those of ordinary skill in the art." 441 F.3d at 987-88. In *Cross Medical*, the court of appeals applied the "implicit" obviousness standard to reverse a district court ruling that a patent was not obvious, explaining that obviousness could be found on the basis of a "problem [that] was within the general knowledge of those of ordinary skill in the art," 424 F.3d at 1322, even if the patent is not directed at "the identical problem addressed in [the] prior art," *id.* at 1323. No fair distinction can be drawn between the rule proposed by the Solicitor General and the flexible standard articulated by the Federal Circuit in these more recent decisions and adhered to in this case.

In a single paragraph (at 14-15), the Solicitor General acknowledges that the Federal Circuit's precedent provides that "the teaching, suggestion, or motivation 'may be found explicitly or implicitly.'" But the government maintains that this "seemingly helpful observation * * * has not, in practice, substantially reduced the burden that its test imposes." *Id.* 15. How many of the numerous published Federal Circuit decisions from the past several years on this issue does the Solicitor General discuss (or even cite) in support of his characterization of the Federal Circuit's "practice"? Zero. In a foot-

note (*id.* 15 n.7), the Solicitor General cites two older decisions, neither of which involved any assertion that obviousness should be found implicitly; the issue simply did not arise in either decision. See *In re Lee*, 277 F.3d 1338 (2002); *In re Dembiczak*, 175 F.3d 994 (1999). The government's only remaining argument is that the unpublished decision in this case erroneously rejects a finding of "implicit" obviousness on the ground that a person of ordinary knowledge and experience "would not be implicitly motivated" to combine the prior art in the manner described by respondent's patent. S.G. Br. 15. That is inaccurate: the court of appeals merely held that the conflicts in the summary judgment record precluded a finding of obviousness and remanded for further proceedings. Pet. App. 16a-17a; *infra* at 6-7.

2. The Solicitor General also asserts that the Federal Circuit's jurisprudence is erroneous because it supposedly unduly disfavors obviousness determinations with the consequence that "it grants patent applicants unjustified rewards for disclosing non-innovative subject matter, and it forecloses competitors from using the public storehouse of knowledge that should be freely available to all." S.G. Br. 16. The Solicitor General cites no Federal Circuit decision in support of those assertions and the objective evidence is to the contrary.

Respondents have reviewed the Federal Circuit's obviousness jurisprudence for the period in which this case has been on appeal – from January 2004 until now. In that time, the court of appeals affirmed twelve findings by the PTO that patents were invalid as obvious.[2] It reversed only twice,

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[2] *In re Kahn*, 441 F.3d 977 (2006); *In re Johnston*, 435 F.3d 1381 (2006); *In re Sibia Neurosciences, Inc.*, 156 Fed. Appx. 314 (2005); *In re Thomas*, 151 Fed. Appx. 930 (2005); *In re Battiston*, 139 Fed. Appx. 281 (2005); *In re Harris*, 409 F.3d 1339 (2005); *In re Fujimura*, 130 Fed. Appx. 465 (2005); *In re Fulton*, 391 F.3d 1195 (2004); *In re Bigio*, 381 F.3d 1320 (2004); *In re Nylen*, 97 Fed. Appx. 293 (2004); *In re Morgan*, 87 Fed. Appx. 746 (2004); *In re Watts*, 354 F.3d 1362 (2004).

never ordering a finding of non-obviousness but instead remanding in both cases to permit the PTO to make an obviousness determination on a proper record.[3]

With respect to district courts, the Federal Circuit either affirmed district court findings of obviousness or reversed findings of non-obviousness in fourteen cases.[4] Including this case, it reversed obviousness determinations only five times; in four of those, it remanded for further proceedings on obvi-

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[3] In one, the court vacated the Board's decision and remanded the case to provide the patent applicant with the opportunity to respond to new data, when the Board "found facts not found by the examiner" and then did not provide the patent applicant an opportunity to respond to its findings. *In re Kumar*, 418 F.3d 1361, 1368 (2005). In the other, the court determined that the Board's decision failed the "substantial evidence" standard of review applied to the factual aspects of patent proceedings. *In re Beasley*, 117 Fed. Appx. 739 (2004). In one other case, the court reversed and remanded, but did so because it rejected the Board's claim construction. *In re Scroggie*, No. 05-1370, 2006 U.S. App. LEXIS 6169 (Mar. 13, 2006).

[4] In six cases, the court of appeals affirmed district court finding of obviousness. *Princeton Biochemicals* v. *Beckman Coulter, Inc.*, 411 F.3d 1332 (2005); *Iron Grip Barbell Co.* v. *USA Sports*, 392 F.3d 1317 (2004); *Norian Corp.* v. *Stryker Corp.*, 363 F.3d 321 (2004); *Ruiz* v. *A.B. Chance Co.*, 357 F.3d 1270 (2004); *Isco Int'l* v. *Conductus, Inc.*, 123 Fed. Appx. 974 (2005); *Scimed Life Sys.* v. *Johnson & Johnson*, 87 Fed. Appx. 729 (2004). In eight cases, the court of appeals reversed district court findings of non-obviousness, sometimes finding obviousness as a matter of law and other times remanding. *Merck & Co.* v. *Teva Pharm.*, 395 F.3d 1364 (2005); *Jore Corp.* v. *Kouvato, Inc.*, 117 Fed. Appx. 761 (2005); *Cross Medical Prods.* v. *Medtronic Sofamor Danek, Inc.*, 424 F.3d 1293 (2005); *Freedman Seating Co.* v. *American Seating Co.*, 420 F.3d 1350 (2005); *Syntex LLC* v. *Apotex*, 407 F.3d 1371 (2005); *Eolas Tech.* v. *Microsoft Corp.*, 399 F.3d 1325 (2005); *National Steel Car* v. *Canadian Pac. Ry.*, 357 F.3d 1319 (2004); *Medpointe Healthcare* v. *Hi-Tech Pharmacal*, 115 Fed. Appx. 76 (2004).

ousness.[5] In the fifth case, the court reinstated a jury verdict that had been overridden by the district court.[6]

The Federal Circuit's combined jurisprudence over the past two-and-a-half years thus includes twenty-six rulings favoring obviousness findings, compared with six rulings overturning those determinations (even then recognizing that obviousness could be found on a fuller record), and one case holding that a patent is non-obvious (and there only because the jury had made such a finding). That record fully answers the Solicitor General's bald assertion that the court of appeals is hostile to findings that patents are invalid as obvious.

B. This Case Is a Singularly Poor Vehicle to Consider the Proper Scope of Obviousness Law.

Even if this Court concluded, contrary to the foregoing, that the Question Presented merited review, this case would be a singularly poor vehicle in which to grant certiorari for three distinct reasons. Any of these would be a sufficient basis for denying certiorari; together they make out an overwhelming case against review.

1. The question of obviousness arose in this case on petitioner's motion for summary judgment. Petitioner was accordingly required to prove that there were "no genuine issues of material fact." Pet. App. 4a. Significantly, "[b]ecause patents are presumed valid," petitioner was required to satisfy not merely the usual burdens of proof but instead "prove by *clear and convincing evidence* that [the patent] cannot reasonably be held to be nonobvious." *Id.* at 5a (quoting *Knoll Pharm. Co.* v. *Teva Pharms. USA, Inc.*, 367 F.3d 1381, 1383

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[5] *Group One, Ltd.* v. *Hallmark Cards, Inc.*, 407 F.3d 1297 (2005); *Koito Mfg. Co.* v. *Turn-Key-Tech, LLC*, 381 F.3d 1142 (2004); *Typeright Keyboard Corp.* v. *Microsoft Corp.*, 374 F.3d 1151 (2004); *Knoll Pharm. Co.* v. *Teva Pharms. USA, Inc.*, 367 F.3d 1381 (2004).

[6] *Cardiac Pacemakers, Inc.* v. *St. Jude Med., Inc.*, 381 F.3d 1371 (2004).

(2004)) (emphasis added). That is an exceedingly difficult burden and petitioner did not come close to satisfying it. Petitioner submitted only the affidavit of one of its own self-interested employees, which did not even "go to the ultimate issue of motivation to combine prior art." Pet. App. 14a. Respondents, by contrast, put forward the affidavits of two independent experts who concluded that respondents' invention was novel. *Id.* 15a-16a.

The panel accordingly reversed and remanded the district court's judgment in this case not merely because the trial court applied an incorrect standard in evaluating the question of obviousness (the question raised by the petition), but also because it was "improper for [the] district court to make credibility determinations." Pet. App. 16a. "Therefore, by crediting KSR's expert declarant and discrediting the two declarants offered by Teleflex, *the district court erred as a matter of law.*" *Ibid.* (emphasis added).

2. This case is a poor vehicle for the further, related reason that it is interlocutory. The court of appeals "remanded the case 'for further proceedings on the issue of obviousness.'" S.G. Br. 9. Ordinarily, the fact that a case is interlocutory is a sufficient basis to deny certiorari, as other questions of federal law meriting this Court's review may be decided in the further proceedings. But here the basis for denying review is far stronger than in the mine-run case. The proceedings on remand involve building a record with respect to the *very question* on which certiorari is sought and with respect to which there are at this point only three affidavits. Still more important, the proceedings on remand are essential to provide a factual foundation to address the test apparently advanced by the Solicitor General – *viz.*, that the obviousness determination should rest on a common-sens "totality of the circumstances" evaluation of the evidence. In this case, at this early stage, a record on those issues has not been compiled.

This is not a controversial point. Respondents have reviewed every case in which this Court called for the views of the Solicitor General from the 2003 Term forward. Seven of those cases were interlocutory. In six, the government raised that fact as a basis for denying certiorari. Indeed, the Solicitor General's briefs in three of those cases have a *separate section* devoted to the proposition that "[i]n light of the current interlocutory posture of this case, the Court should not grant certiorari." CVSG Br. 8, *Comstock Resources, Inc.* v. *Kennard*, cert. denied, 125 S. Ct. 2957 (2005) (No. 04-165).[7] This Court denied certiorari in every one. In the single case in which the government recommended granting certiorari notwithstanding the case's interlocutory posture, the proceedings on remand were on a *different issue* than the question presented, which had been finally resolved in the case, and which was the subject of an important circuit conflict. CVSG Br. 15, *Dura Pharms., Inc.* v. *Broudo*, cert. granted, 544 U.S. 336 (2005) (No. 03-932). This case, of course, is very different, as the very question on remand is whether the patent is invalid on obviousness grounds and no conflict exists.

Indeed, even if one accepts that the Solicitor General's rule differs from the current Federal Circuit test, the difference would not change the judgment. The case still inevitably would have to be remanded to the district court for development of an appropriate record to apply that standard. Even if this Court agreed with the government on the appropriate

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[7] See also CVSG Br. 18, *Zapata Hermas Sucesores, S.A.* v. *Hearthside Baking Co.*, cert. denied, 540 U.S. 1068 (2003) (No. 02-1318); CVSG Br. 19, *Higbee Co.* v. *Chapman*, cert. denied, 542 U.S. 945 (2004) (No. 02-1646). The point is made, albeit less dramatically than through a separate section, in the following briefs as well: CVSG Br. 7, *Andrx Pharms., Inc.* v. *Kroger Co.*, cert. denied, 543 U.S. 939 (2004) (No. 03-779); CVSG Br. 20, *Honeywell Int'l, Inc.* v. *Hamilton Sundstrand Corp.*, cert. denied, 125 S. Ct. 2928 (2005) (No. 04-293); CVSG Br. 1, 19, *Regal Cinemas* v. *Stewmon*, cert. denied, 542 U.S. 937 (2004) (No. 03-641).

legal standard, any opinion that it could issue in this case would accordingly be singularly uninformative for the lower courts. As discussed *supra*, the panel opinion already expressly embraces all of the factors that the Solicitor General argues this Court should apply. The Court would essentially be left in the position of affirming the unpublished disposition in this case, but including a generalized directive that the lower courts should find more patents obvious. Such an admonition, issued outside of the context of a record to which this Court can apply it, would not substantially advance the goal of providing clarity in this area of the law.

3. This case is also a poor vehicle because the case simply does not present, and thus does not give this Court the opportunity to address, one of the government's principal objections to the Federal Circuit's obviousness jurisprudence. The Solicitor General emphasizes (at 17) the PTO's complaint that Federal Circuit precedent "unduly restricts the ability of PTO to reject obvious patent applications." The Solicitor General maintains that "[w]hen PTO applies its technical expertise and reasonably articulates why a patent claim is obvious under Section 103(a), that determination is entitled to deference." *Ibid.* But the PTO *granted* the patent in this case. As a consequence, no challenge to the PTO's findings arises. The government's argument demonstrates that it would be more appropriate to grant certiorari in one of the many cases the Federal Circuit hears on direct appeal from the Board of Patent Appeals and Inferences. See *supra* at 4 n.2. Of note, the Solicitor General on behalf of the Board and PTO is able to petition for certiorari from an adverse ruling of the Federal Circuit in such a case.[8]

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[8] In any event, here too the government is not describing the current state of Federal Circuit case law. The *Kahn* decision explains that the required findings are minimal: "rejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning." 441 F.3d at 988. Findings by the PTO are

CONCLUSION

For the foregoing reasons, the petition for a writ of certiorari should be denied.

Respectfully submitted,

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sustained so long as "a reasonable mind might accept the evidence as adequate"; the question is whether there is more "than a 'mere scintilla' of evidence from which a reasonable mind could find a motivation to combine." *Id.* at 985, 989.